

**FISCAL NOTE**  
**SB 2424 - HB 2428**

January 16, 2006

**SUMMARY OF BILL:** Defines economic development as “any endeavor to promote or stimulate the economy of a community through expansion of employment opportunities, encouragement of the establishment and growth of commerce and industry, or expansion of the property or sales tax base”. The bill also provides a definition of eminent domain and specifies that no governmental entity shall use the power of eminent domain for the purpose of economic development. The bill specifically allows takings for projects for the following purposes: transportation, water supply, wastewater, flood control, drainage projects, public buildings and grounds and parks for the use of the state or local governments, communication and utility services, or the operations of a common carrier or energy transporter. Additionally, the bill forms a joint committee to study the exercise of eminent domain in the state. The committee would consist of four members of the House and four members of the Senate. Findings of the committee would be reported to the 105<sup>th</sup> General Assembly no later than February 1, 2007.

**ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures – \$2,000 Each One Day Meeting**

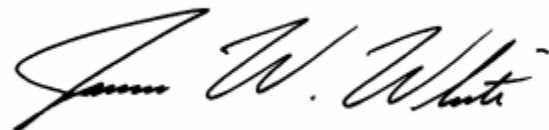
**Other Fiscal Impact – Changes in property tax collections could occur as a result of this bill. Currently, if an entity acquires property through the power of eminent domain, there may be a change in tax status as the property changes from a taxable parcel to a tax exempt parcel. If the taken parcel is subsequently leased to a private entity, in-lieu of tax payments may be negotiated with the private entity. The amount of such payments can vary according to individually negotiated circumstances and may differ from the amount of tax collected prior to the government taking. Under this bill, such transactions would no longer take place. The property tax revenue impact cannot reasonably be quantified due to the unique circumstances of each taking.**

Assumptions:

- Industrial development boards are authorized to use the power of eminent domain to take property. To date, staff has been unable to find any instance of industrial development boards utilizing this power to date.
- There will be a not significant increase in state expenditures associated with the expenses of the special joint committee.
- Travel and per diem expenses for eight legislative members of \$2,000 per meeting (\$150 per diem plus \$100 mileage each).

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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